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| <b>Date:</b>              | <b>21<sup>st</sup> July 2021</b>                   |
| <b>Classification:</b>    | <b>General Release</b>                             |
| <b>Title:</b>             | <b>Pension Administration Update</b>               |
| <b>Report of:</b>         | <b>Sarah Hay, Pensions Officer People Services</b> |
| <b>Wards Involved:</b>    | <b>All</b>                                         |
| <b>Policy Context:</b>    | <b>Service Delivery</b>                            |
| <b>Financial Summary:</b> | <b>Limited</b>                                     |

## **1. Executive Summary**

1.1. This report gives an update on general pension administration issues as we work towards moving to the Hampshire Pension Service in November 2021. In section 2, the report sets out a summary of our KPI data for the year March 2021 to May 2021 to give the board an outline of general case progress. Section 3, covers data work and specifically our continued efforts with address tracing. There is a general admin update in section 4, detailing work issues we are concentrating on with Surrey. In section 5 there is an update on the McCloud project and our initial work to collect data for compliance.

## **2. KPI Performance**

- 2.1 The scope of the KPIs in this report have been agreed between WCC and SCC based on the section 101 agreement, however they will continue to be reviewed on feedback from all parties, including board members.
- 2.2 This report provides a look at the KPI performance between March 2021 and May 2021. June 2021 data is not yet available at the time of writing this report.
- 2.3 KPI performance in appendix 1 is summarised below:
- 2.4 Overall the KPI data in the period is ok, however there has been an impact in April and May where the case work moved from East Sussex back to Surrey and some cases have been picked up as unresolved previously or have been delayed due to the work transfer.

- 2.5 The late set up of dependent benefits in April and May is of concern. We are hoping that now Surrey workflow hold all the WCC cases the delays in these cases will not be repeated going forward. Retirement options being issued to members was under performing in all three months of this KPI period and although the majority of cases the delay is only by one or two days our focus is on ensuring that KPI that relate to members immediate entitlement are maintained at a high level.
- 2.6 There were two late deferred benefit letters sent out in April that came out when the work transferred back to Surrey but this KPI remains 100% in the other months.
- 2.7 We had a number of late payments of lump sum in both March and April although we did see an improvement in May we are disappointed that a key KPI has not been 100%. We will have to review how this KPI performs as we move forward under the Surrey team. Generally the pensions are paid in the next available pay period, there was a slip in April related to the transfer but this recovered in May we hope that this will remain 100%.
- 2.8 There were a number of the least urgent KPI relating to transfers and estimates that were late across all three months of the reporting period but there appears to have been a particular issue in March as the admin service transferred. There was also an under performance in responses sent in March.

### **3. Data Work**

- 3.1 **325 records for Deferred – Age population 45- 49**
- 3.2 At the time of the last board we had just started to work though this part of the population. At the time of writing this report I am pleased to confirm that we have traced 166 members of this population with a success rate of 51%. The tracing will continue for this group as we open other batches for the population at a younger age range.
- 3.3 The tracing project with Target will remain in place until approximately the end of August 2021. Our aim will be to complete as many traces and update those onto the Altair system in Surrey. We will cease the project in August to help limit data changes as we approach the final data cuts for the transfer project in September and then in late October. Any tracing results that come back after we close the project down will still be updated.
- 3.4 For information we remain within the budget of £24,000 allocated to this project. The costs per case vary depending on the type of trace the member needs and these range from £20 - £70. We will review our spend going forward as we get close to our agreed cost.

- 3.5 We will discuss future address tracing with the Hampshire Pension Service (HPS) after transfer.

#### **4. Surrey General Admin update**

- 4.1 The Strategic Pension Officer agreed with Surrey that they should implement a module of Altair called Admin 2 Pay with effect from the first week of May. This module should ensure that the admin section of Altair and the payroll side of Altair match and in theory this should prevent any future over or under payments occurring. Westminster was not offered this module previously. Whilst there is no ongoing fee for this module, we agreed a discounted implementation of £1832.00 as we will only benefit from it until we exit to HPS. I took the view that the investment would be of value to the fund to prevent additional issues occurring prior to transfer.
- 4.2 Surrey contacted me on the 20<sup>th</sup> of May to outline that they had identified a range of potential data issues following admin 2 pay work and other data work ahead of the first planned data cut on the 17<sup>th</sup> of June. They have advised me that there are similar issues across all funds including Surrey, Hammersmith and Fulham and Hillingdon. Surrey's solution to dealing with the data issues is that they have set up from July the 5th a new team that will focus on the London Borough's administration and the data backlog work whilst the existing teams will focus on Surrey. Staff will be taken from the existing teams to create the new one.
- 4.3 Surrey have made it clear that not all the data issues will be resolved prior to transfer. I have been asked to prioritise the issues I want them to focus upon. A conversation has already taken place where I have instructed them to take certain immediate actions to chase on some death cases and review contacts where we have members in the fund over 75 who have not drawn their pension.
- 4.4 The main area of concern is that they have identified 187 pension increase queries. This is where the admin side of Altair and the payroll side of Altair have different values. This could mean the member is being over or under paid, but it could also simply mean that the data held on the admin side of Altair is incorrect. Surrey will not be able to advise me until the new team is set up and resource is dedicated to reviewing all the cases in detail.
- 4.5 Surrey also identified 30 potential underpayments and 12 possible overpayments. They will not know for sure if each case is as initially identified until the new team is set up and the review of each case above is made. I have now seen the base data for these cases and the potential issues are not as significant as the cases previously notified to WCC.
- 4.6 Additionally there are a number of child pensions that are being reviewed. Child's pension are paid where a member dies with an eligible child under 18 the fund pays a pension to them in lieu of the financial support of the member parent. Child's pension for some dependent children are paid for life if they are

not capable of caring for themselves but the majority should cease at 18 if the child does not remain in education. Where the child remains in post school education at college or university then the pension would be paid until the member child reaches 23. Surrey are reviewing child pensions in payment after age 18 to check evidence of continued education. It's possible that there are some further overpayments related to child's pensions.

- 4.7 The above cases will be the priority for our fund to resolve with Surrey between now and go live with Hampshire. Our priority is to ensure correct payment to our pensioners and the UPM system that Civica use is one system that links administration and payroll.

## **5. McCloud**

- 5.1 The Government have responded to consultation and simply have advised that they accept the recommendation of an extended underpin solution for younger members of the fund. The good news is that no timetable has been set out and therefore we should be able to proceed and fit the McCloud work in with our move to HPS.
- 5.2 We have started planning as part of the pension transfer project to collect data in a format for the new software provider and asking employers to return data to us in January 2022 when we are live with Hampshire.
- 5.3 The majority of data will be required from Westminster as the main fund employer with data retrieved from three different HR systems. Work is underway to scope retrieval of this data. We also will be looking to help smaller fund employers with McCloud data work where possible although employers will be responsible for accessing their own systems.

## **6. Summary**

- 6.1 The KPI data is ok although we have seen a dip in March and April as the service transferred from East Sussex to Hampshire. The emphasis in the next few months will be on ensuring that retirement cases are processed efficiently between now and our exit to HPS.
- 6.2 Address tracing remains positive with member details being updated on a regular basis.
- 6.3 Surrey are creating a new team to deal with the admin work of the London Boroughs. This team will also be tasked with looking at data issues prior to the transfer and the priority will be to look at cases that impact member entitlement with a pension in payment.

- 6.4 McCLOUD planning will continue with HPS as we move closer to go live. We are pleased that we have no immediate timetable to have to complete work by but we have started planning comms for all employers to collect data by January 2022. Work is underway to scope the retrieval of data for the main WCC employer from different systems.